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December 7, 1970

Agricultural Act of 1970

The Andean Group as U.S. Market

Foreign
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If Chilean President Allende's agrarian reform policy is implemented, small farmers, such as these, should benefit. See story page 4.

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Agriculture Its Trade

By CARROLL G. BRUNTHAVER

*Associate Administrator
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With Senate passage of the Agricultural Act of 1970 on November 19—and its signing by President Nixon the following week—the United States embarked on a market-oriented farm policy. The “set-aside bill” is aimed at giving farmers maximum freedom to pursue lower costs of production and maximum sales . . . both at home and abroad.

Changes in the world agricultural situation have dictated the market-oriented shift. Synthetic and substitute products are posing a market threat to more and more farm products. Cotton has lost most of its market growth to manmade fibers. Fishmeal and urea compete with soybean meal. Plastics compete with leather. And scientists are working on such exotics as a way to produce protein from algae fed on petroleum.

U.S. efforts to hold down production have been offset, too, by increased production in other countries. Australia has



Secretary of Agriculture Clifford M. Hardin looks on as President Nixon examines the Agricultural Act of 1970 before signing the new farm bill. Behind the President from left to right are: Don Paarlberg, Director of Agricultural Economics; Carroll G. Brunthaver, Associate Administrator, Agricultural Stabilization and Conservation Service; Clarence D. Palmby, Assistant Secretary for International Affairs and Commodity Programs; Claude T. Coffman, Deputy General Counsel; William Galbraith, Deputy Under Secretary for Congressional Relations; J. Phil Cambell, Under Secretary; Ned D. Bayley, Director of Science and Education. Above are members of the Department of Agriculture. At far right is Hendrick Houghtakker, Economic Adviser to the President.

Act of 1970: Implications

doubled its wheat acreage in recent years—increasing wheat output by about the same amount we have reduced ours. Thailand has increased its corn production, from 500,000 tons to 2.5 million tons in the past decade—while the United States was trying to hold back feedgrain production. The Common Market countries produced 11 million tons more grain in 1969-70 than they did in 1966-67.

The competition for world farm product markets has grown much keener.

At the same time, the productive capacity of U.S. farms is growing. Nearly everything the American farmer does to boost his efficiency also increases his ability to produce. More fertilizer, better seed varieties, irrigation, and many other improvements add to our production potential. Just in the past 10 years, yields per acre in the United States have risen 25 percent, and meat production has increased 28 percent. Output per man-hour in farming tripled.

Thus, production adjustment becomes increasingly expensive. In 1961, U.S. taxpayers spent \$782 million to divert 25 million acres of feedgrain land from production . . . an aver-

age of \$31 per acre. Corn yields averaged 62 bushels per acre.

By 1969, corn yields were up to 84 bushels per acre. And the feedgrain diversion program cost \$1.6 billion for 39 million acres . . . or \$42 an acre.

With the combination of increased competition and productivity, U.S. farmers must expand their markets.

Under the new market-oriented policy, U.S. farmers will put more stress on seeking markets and supplying customers at competitive prices. Emphasis, of course, will be on such crops as feedgrains, soybeans, and food grains, where we feel we have a comparative production advantage and growing market opportunities.

The new farm bill will give American farmers some important advantages in the market.

Under the "set aside," a producer will set aside his share of the national land diversion requirement—and then be free to plant whatever he likes on his remaining acres (except rice, peanuts, sugar, tobacco, or extra-long-staple cotton, which are covered by separate legislation). Thus, the farmer can plant the crop or crops that will give him the greatest net return.

Upland cotton marketing quotas and penalties have been lifted too. A cotton grower can now plant extra cotton for the open market if he chooses.

With this greater planting freedom, corn production will probably take place in the Corn Belt and more small grains will be sown in the Great Plains. More soybean production is expected in the Southeast plus an expansion of cotton production in the most efficient areas.

Producers in all of these areas can be better off, because they will be producing at lower cost—using more fully the principle of comparative advantage.

U.S. farmers will be able to specialize more under the new law, too. Currently, a farmer who has allotments or bases for several crops is encouraged to produce them all. Under the "set aside," he could focus on the most profitable.

It is difficult to estimate the nature and extent of the changes U.S. farmers will make during the next 3 years. They are likely to continue and increase, however, as farmers become more familiar with the 1970 law and the freedom it allows them in their operations.

The Agricultural Act of 1970 also allows competitive pricing for U.S. products in world markets. For wheat, the minimum price support loan rate will be \$1.25 per bushel. For corn, the loan minimum will be \$1.00 a bushel, with other feedgrains pegged accordingly on their feeding value. Cotton price support loans will be 90 percent of the average world price for the 2 preceding years (and the Secretary of Agriculture can adjust support loan prices following periods of exceptionally high prices to keep U.S. cotton competitive).

The 1970 bill in addition extends the existence of the P.L. 480 program for 3 more years.

The "set aside bill" is part of a trend that is not likely to be reversed in the near future. It reflects a change in the economic position of American agriculture more than a shift in political climate. (The bill had bipartisan support.) American farms are growing fewer but larger. They are getting more efficient and more productive. And efforts to hold back that productivity have been more expensive and less effective than their proponents had hoped. The growing world demand for farm products—particularly feedgrains and oilseeds—beckons the efficient, competitive producer. These are the factors that have produced the new market-oriented policy.

The Andean Group: A

By JOHN E. HUTCHISON
*Foreign Regional Analysis Division
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The Andean Group, a \$91-million market in Latin America for U.S. farm products in 1969, could be an even bigger customer if the five member countries achieve economic goals set forth in the Andean Group Agreement signed May 1969.

If these countries—Bolivia, Colombia, Chile, Ecuador, and Peru—are joined by Venezuela, the figure would jump to \$273 million.

In a joint effort to strengthen their economic positions, the five countries are scheduled to eliminate all trade barriers between January 1, 1971, and December 31, 1980. During the same period, common external tariffs by all five countries are to be enacted. These countries plan to form a common market with each other. Known as the Andean Group, they will operate as a subgroup of the Latin American Free Trade Association (LAFTA) with full recognition of their responsibilities to LAFTA.

Venezuela has participated in the preliminary discussions leading to formation of the Andean Group and is still evaluating its role as a potential member of the new common market.

This new grouping provides a combined market of 54 million persons with an average per capita income of \$340 per year. If Venezuela joins the new common market another 10 million persons with an average annual per capita income of \$950 will be added to the Andean Group.

Total U.S. exports to the expanded grouping were valued at \$1.6 billion in 1969, of which \$182 million was for agricultural items.

The new common market was born when the Andean Group Agreement

was formally signed in May 1969. The five joining countries wanted to form a group with closer ties than LAFTA and also a group that might provide for more rapid economic self-help.

Andean Group countries intend to pool their resources; to coordinate their economic and social development; to institute joint programs for industrial development; to liberalize trade among themselves more rapidly than proposed by LAFTA; and to channel domestic and foreign resources to finance the economic integration of industry, agriculture, and some services such as communication and transportation.

To make economic integration practically possible, the Andean Development Corporation was established in February 1968 to act as a major source of financial capital for integration development. The Corporation is financed and run by the five Group nations plus Venezuela, who is a member of the

Chile Plan

Chile's new Socialist President, Salvador Allende, is expected to implement far-reaching agricultural reform policies in order to fulfill one of his principal campaign promises.

As outlined in a preelection booklet entitled "A Basic Program of the Union Popular Government," the Agrarian Reform and the Agricultural and Livestock Development Plan—both programs already in effect—will be broadened to become part of an overall plan to transform Chile's capitalist economy to a socialist one.

Large farms are to be expropriated, land handed over to farmworkers, and technical assistance as well as necessary credits provided to meet Chile's requirements. Commercial industrial relations in selling and purchasing products that farmworkers need are to be transformed. Marketing monopolies and industrialization of agricultural and livestock production will be in the hands of the State or of farmworker or con-

Shops, public buildings, churches, and houses in La Paz, the capital of Bolivia, climb toward a ridge of Andean hills. Of Group countries, Bolivia has the least trade with other Group members and with the United States.

Bigger Market for U.S. Farmers?

Corporation but not of the Group.

If the Andean Group is even partially successful in its goals, increased consumer incomes and buying power may step up agricultural imports from temperate zone countries, such as the United States.

For example, the Andean Group is not self-sufficient now in the production of wheat, feedgrains, meats, rice, tallow, or vegetable oils, and these will need to be imported. If economic development speeds up in the region, consumption of these items may expand more rapidly than the growth of domestic production, and imports.

Historically the countries of the Andean Group have traded little with each other, even for agricultural commodities. Many of the countries produce the same items for agricultural export (coffee, sugar, cocoa, tropical fruit) so that few complementary agricultural commodities are available for intra-

Group trade. However, some temperate zone and seasonal fruits and vegetables from the south can be sent to the northern countries, while some tropical fruits, coffee, and sugar can be dispatched to the south.

But trade with the United States has long been important for each country of the new group. The United States has been both a valued customer for tropical agricultural products and a source of manufactured goods and temperate zone agricultural commodities.

The average trade figures for 1963-67 for the five Group countries with each other and the United States illustrate the pattern.

Exports from Colombia for the period to other countries of the Andean Group averaged \$10.1 million per year, but its exports to the United States were valued at \$242.1 million. Ecuador's exports to Group members were \$12.5 million; those to the United States,

\$93.2 million. Peru's sales to Group members were \$25.8 million compared with U.S. sales of \$255.6 million. Bolivian exports to Group countries were worth \$1.6 million; those to the United States, \$50.1 million. Exports by Chile to member countries were \$9.1 million; U.S. sales were \$202.3 million.

Total sales by Andean Group countries to each other during 1963-67 averaged about \$59.1 million annually; but total sales to the United States ran about \$843.3 million per year, or more than 14 times as great.

The general pattern in imports is little different.

For the same period (1963-67) the average annual imports of Colombia from Group countries were worth about \$12.7 million; those from the United States were valued at \$261.8 million. Ecuador's imports from fellow members were \$5.8 million; imports of U.S. origin were \$76.2 million. Purchases by Peru

Agricultural Policy Changes

sumer cooperatives under the plan.

As a first step, the Agrarian Reform Law will operate in full, using all the powers the past Government had not used, such as assignment of land to cooperatives, legal protection of sharecroppers and leasees, and reorganization of areas and systems of irrigation. Necessary amendments to this law will be discussed and approved by the National Farm Workers Council and Regional Farm Workers Councils before being sent to Congress.

Allende says that the benefits of the Agrarian Reform will be extended to medium and small farm operators, sharecroppers, and hired hands, who until now have been excluded. According to the new President, agrarian reform will no longer operate on a farm to farm basis, as under the past Government, but by zones. In each zone, productive work will be assured to all farmworkers, in direct exploitation of the land, industrialization and distri-

Chilean farmers are assured productive work, as well as representation in agricultural agencies, under Agrarian Reform.

bution of products, or in general services necessary for production.

The Ministry of Agriculture and Agrarian Reform reportedly will be directly responsible for all agricultural agencies. In these agencies, farmworkers, through unions, cooperatives, and small farmers' organizations, will replace representatives of the large farms. These farm organizations represent 98 percent of Chile's agricultural population. The National Farm Workers' Council, which will advise the Minister and other high agency officials, will be elected from workers' groups.

In addition, in each agricultural zone, zonal farmworkers' councils will be constituted, with equal participation of zonal officials and representatives



Andean Group—Continued

from Group countries were \$17.5 million; from the United States, \$270.7 million. Bolivian imports from Andean neighbors were \$3.6 million compared with \$56 million of U.S. goods. And Chile Group purchases were \$27.6 million compared with \$250.8 million of U.S. items.

Total imports by Andean Group countries from each other averaged \$67.2 million a year; but purchases from the United States were approximately \$915.5 million a year.

Venezuela's trade orientation is similar to that of the Group countries. During 1963-67 its total annual exports to members of the Andean Group averaged \$34.3 million while those to the United States were about \$950.6 a year. Imports from the countries that have formed the new common market averaged \$78.5 million annually; purchases from the United States were worth over \$1.5 billion a year.

While it is still too early to determine the full impact of the Group on trade

among member countries, with LAFTA, or with other countries, it is possible to note certain factors that may affect trade patterns.

First, it is not likely that an immediate upsurge will occur in intra-Group trade in agricultural commodities. At present only 41 agricultural items have been placed on the free trade list for member countries. The more difficult commodities and situations are still to be faced. The countries appear to have few complementary agricultural items.

Second, although the Andean Group will provide a larger market bloc, operating more or less as a unit, growing nationalism may make it more difficult for the United States to compete in the market. On the other hand, nationalism may also increase the difficulties of any real integration of the region. U.S. exporters need to remain aware of the potential for rapid change in the area.

In the long run, U.S. and other exporters may expect some change in the composition of trade. As the region becomes more industrially advanced, more processed or manufactured goods will be exchanged between members and

exported to other countries. Raw products and products not produced in the region (such as certain agricultural commodities) will be a greater share of the Group's total imports. Import

preferences will be given to other LAFTA members.

Another trend in the region, already in effect, may influence imports. In Andean Group countries about half of

the combined population now lives in cities or towns, and this urban sector of the population is growing much faster than the total population.

Overall, while distances goods must be transported within the region, political variations, economic and social disagreements, and traditional rivalries may slow up effective implementation, the Andean Group common market will probably gradually affects the region's

trade pattern. International traders will need to watch all developments carefully and plan accordingly.

Some pertinent statistics on the trends in population growth and movement of that population toward cities plus some background data on the distribution and growth of the Gross National Product in the five member countries of the Andean Group are given in the short table below.

NATIONAL POPULATION AND PRODUCTION PROFILES IN THE ANDEAN GROUP AND VENEZUELA

Country	Population			Gross National Product	
	In 1969	Growth rate ¹	Urban portion	Per person ²	Growth rate
Andean Group:	Millions	Percent	Percent	U.S. dol.	Percent
Colombia	20.5	3.2	52	301	+2.7
Ecuador	5.9	3.4	36	258	+0.2
Peru	13.2	3.1	47	371	-1.4
Bolivia	4.6	2.4	35	182	+3.0
Chile	9.4	1.9	68	616	+1.4
Total	53.6	2.9	50	341	+0.9
Venezuela	10.0	3.5	72	949	+1.5
Grand total	64.6	3.0	54	434	+1.2

¹ Average of rate between 1967 and 1968 and of rate between 1968 and 1969. ² In terms of 1968 prices.

Trade Policy Team in Europe

Secretary of Agriculture Hardin is currently heading a trade policy team which began a tour of eight European countries on December 1. The 11-man team is visiting Romania, Yugoslavia, Italy, France, Germany, the Netherlands, Belgium, and England during a period of 15 days. The primary purpose of the trip is to exchange views with top foreign government officials on farm production and trade policy matters.

In Western Europe, where the team will spend 10 days conferring with various officials, discussions will center around trade relations between the United States and the European Community, as well as the effects of possible EC enlargement on trade. With enlargement negotiations now under-

way, this is a particularly opportune time to meet with government leaders from the American farmer's largest foreign market. Last fiscal year, the Community took \$1.3 billion in U.S. products.

The talks in Eastern Europe are to deal with agricultural production and emerging trade relationships. The new U.S. farm legislation is among the subjects to be discussed in both Eastern and Western Europe.

The trade team will also include Assistant Secretary of Agriculture Clarence D. Palmby and Assistant Secretary of Commerce Lawrence A. Fox.

Secretary of Agriculture Hardin (r.) and Assistant Secretary Palmby.



take several steps to help them begin producing. These include reorienting production through credit, technical assistance, and regional and national planning, toward higher valued products, either for export or domestic markets. The Government hopes to increase agricultural exports, which have been at about the same level for 30 years.

Technical assistance to farmworkers will be free. There will be special plans for credit, training, and technical assistance for underdeveloped groups, especially Indian communities. Credits for certain types of intensive production, such as swine and poultry, will be reserved for small farmers and other farmworkers to permit them to improve their economic and social situation.

Chile Policy—Continued

elected by the farmworkers. The National Farm Workers' Council and Zonal Farm Workers' Councils will take measures for Agrarian Reform and the Agricultural and Livestock Development Plan, such as expropriation, land allotments, credit, marketing of production, and inputs.

The Government's policy is also expected to include a new judicial structure, with the purpose of obtaining the integration, collaboration, and united action of the different types of farmworkers' organizations, including organizations of wage workers, employees, sharecroppers, hired hands, and small and medium farmers. This means coordination of the work of the farmworkers' organizations, *asentamientos* (agrarian reform cooperatives), Indian communities, and other small farmers' groups, such as farmer committees.

According to the preelection publication, the Popular Government will enforce employers' payment of the 2 percent contribution established by

the farmworkers' syndicalization law. Through nonpayment, farmowners have been trying to break the farmworkers' union organization.

All farms are to be expropriated except for small- and medium-sized ones and large ones belonging to farmers whose economic and social conditions are favorable to the development of agricultural production and the workers' community. The right of these farmers to a reserve of land will not be preferential and may be granted on land other than that originally owned by the farmer if necessary.

On expropriated farms, working capital (livestock, equipment, and machinery) are also to be taken away. After expropriated land has been given to farmworkers, each farmer will have family property rights over his house and orchard. Special plans will be put in force to promote the construction and improvement of farmworkers' houses, since this sector has been excluded from all housing improvement programs.

In addition to handing over land to farmworkers, the Government plans to

The Government will also help farmworkers market their production. The State will nationalize all distribution, processing, and marketing monopolies of agricultural and livestock products and necessary inputs. These enterprises will be operated directly by the State with the advice of the Farm Workers' Council or will be given to farm cooperatives.

The State is also to guarantee the acquisition of all farm production not marketed at official prices through normal channels and will gradually contract in advance for all the livestock and crop production planned to meet the country's requirements. This advance credit to small farmers will be made only in cash, not in documents as is now done in most cases. Under the present credit system, farmworkers cannot exchange the documents for cash except under unusually unfavorable conditions.

Agri-industries will be preferentially located in agricultural zones where unemployment is greatest.

In the principal towns of the agricultural regions there will be houses

in which farmworkers can stay while in transit or carrying out business in town. These will also serve as orientation and assistance centers for farmworkers, especially those concerned with such things as public services, education, and health.

Government benefits to farmers, beyond assistance in farming and marketing, will include social security and education, according to the plan. A national social security service system will be established for all Chilean farmworkers, especially including small farmers, who are at present excluded. Similarly, the continuity of social security will be assured for agrarian reform settlers (*asentados*). The Government's agricultural education program will include publication of books and newspapers on farming, radio programs for farmworkers, and agricultural technology courses in accordance with production programs of the regions.

The new Government will give special support to protection of national resources, forestation, development of irrigation areas, and other plans. Forest regions will be included.

AMONG the myriad of environment-watchers spawned by the growing upsurge of ecological concern, agricultural researchers have been in the forefront. The environments on which many of them focus, however, are not necessarily our industrially-oriented surroundings; but rather the conditions which first produced important primitive crop varieties with their distinct genetic properties. Because these conditions are changing so rapidly, a process called "genetic erosion" threatens to wipe out many crop progenitors entirely from plant populations.

Determined to preserve the ancient crop strains, as well as modern selections, which hold invaluable resources for future farming, scientists throughout the world are working under the sponsorship of national, private, and international organizations to collect, catalogue, and store seeds of thousands of crop races every year. The primitive varieties they are assembling hold much of agriculture's genetic heritage and the key to many types of natural resistance to insects and disease.

Plant exploration and collection is by no means a new field of endeavor. Illustrations on the tomb of Queen Hatshepsut, the first female imperial ruler of ancient Egypt, show that she sent an expedition to Punt (now Ethiopia) in about 1450 B.C. for incense trees which were then planted in Thebes. Present day explorations, however, have taken a new turn and are marked by the urgency of preserving a vast array of the old as well as discovering the new.

The primary reason for preserving primitive varieties is to establish more complete germ plasm collections which will be the genetic basis for improved crops. The ancient strains offer valuable breeding material in correcting specific shortcomings of cultivated varieties; and most plant breeders already draw largely from primitive and wild types as sources of resistance to disease and pests.

The primitive crop types, cultivated for centuries in the stable conditions of their primary and secondary centers of culture, also provide an important resource in the study of adaptation to ecological circumstances. As biological knowledge increases from year to year, the genetic collections being established today will become even more important in the future.

Stressing the urgency of plant ex-

ploration, Dr. John Creech, who heads USDA's New Crops Research Branch, has identified three basic conditions by which germ plasm is being lost: the rapid disappearance of wild crop species with distinct and essential genetic characteristics; the displacement of primitive crop varieties by modern types; and the inability of crop breeders to maintain germ plasm safely.

Industrialization and urbanization play a major role in endangering wild species, according to Dr. Creech. Often, when a highway or a dam is built, "weeds" which are actually important genetic reservoirs of crops are eliminated entirely.

Ironically enough, modern scientific agriculture and the sweeping impact of the "Green Revolution" also play a significant and unavoidable role in the disappearance of primitive but low-yielding crop strains. Agriculturists in various countries have introduced new varieties from abroad to produce superior crops from the world's great wealth of genetic diversity. However, because of maintenance limitations, they have had to discard the seemingly inferior types which may have irreplaceable genetic properties. Further-

Below, seed storage bins at the National Seed Storage Laboratory in Fort Collins, Colorado. The laboratory houses about 73,000 seed lines from all parts of the world.



Plant Expl

New Impetus



more, as new, high-yielding crop varieties have come into widespread use—with the aid of fertilizers, irrigation, and pest control—they have often caused farmers to discard their local crop plant varieties altogether.

Thus, primitive crop populations called "land races" which evolved under balanced conditions in their native environments can now be found only in the rapidly disappearing areas not yet extensively influenced by contemporary agriculture. To uncover wild progenitors and primitive varieties of cultivated crops, plant explorers concentrate primarily on the eight geographical "centers of origin" identified in 1926 by the Russian scientist N. I. Vavilov. The ancient cultivars of our most im-

tion Gains und the Globe



Above and left, FAO genetic conservation specialist Erna Bennett discusses the virtues of local wheat races with farmers of central Peloponnesus, Greece. (Photo: FAO.)

portant crops evolved in these centers which are located in Africa, Asia, Latin America, and the Mediterranean. Secondary centers developed as man migrated throughout the world.

Not long ago, a plant explorer could find a wide selection of ancient crop varieties in the village bazaars and open markets near their native localities. Today, however, little is found in this way; and plant exploration means many long, hard hours in the field with frustrations that only an archaeologist could readily comprehend.

Nevertheless, as the dangers of genetic erosion become more widely recognized, increasing progress is made in the field of plant exploration. The USDA, through its Agricultural Research Serv-

ice, conducts the single largest exploration program, and has sent over 150 expeditions throughout the world since 1898. Presently, ARS maintains working collections of over 100,000 lines of crop germ plasm. In 1958, the U.S. Government constructed the National Seed Storage Laboratory for the long-term conservation of crop germ plasm, with a capacity for 500,000 seed samples. Located at Fort Collins, Colorado, the laboratory now houses about 73,000 seed lines which are kept in optimum conditions for their preservation. Samples are removed only when those lines cease to exist in working collections.

Many crops have been the target of a series of expeditions, in an effort to establish more complete germ plasm bases for resistance to disease and insects. For example, USDA explorations in Mexico and Central America have yielded several thousand lines of the common bean; while expeditions in cooperation with the Agency for International Development, turned up several hundred lines of coffee in Africa. Samples from these collections—and from many other collections throughout the world—are made available to plant breeders and researchers from all parts of the globe.

Japan, Canada, Australia, and the Soviet Union are other countries which have sent plant exploration teams overseas. In Leningrad the Vavilov Institute of Plant Industry—named after

the famous scientist—conducts the Soviet Union's plant exploration and introduction activities. The Ministry of Agriculture and Forestry is in charge of those activities in Japan, and has built a seed storage laboratory similar to that in Colorado.

International efforts in plant exploration include those of the Food and Agriculture Organization of the U.N., the International Biological Program, and the Rockefeller Foundation.

Typical of the widespread benefits of international cooperation is the FAO wheat exploration mission to Afghanistan and Iran in 1968. The samples collected totaled 366 and were sown in Italy for observation. Duplicate samples were sown at Kabul; and multiplied seed has been distributed to the USDA, the Laboratory of Plant Genetics near Rome, and the Near East Wheat and Barley Improvement Project in Cairo. From the same expedition, seed other than from wheat has been distributed in Israel, Sweden, Czechoslovakia, and the United States.

FAO has recently begun a survey of plant collections in all parts of the world. By locating collections, recording their sizes, and assessing their conditions, FAO hopes to identify areas in need of more research and to insure fuller utilization of existing collections. The data will be stored on magnetic tapes and discs for computer use.

Germ plasm collections are constantly being combed for disease and pest resistance as well as many other properties. While samples gathered today may not be useful tomorrow, there is a good chance they may come in handy in the future. This was true in the case of a wheat collection made by a USDA explorer in Turkey in 1948. It was not until the early 1960's that it came into its own when it proved invaluable in breeding for resistance to stripe rust in the northwestern United States. Similarly, the recent outbreak of coffee rust in Brazil has prompted renewed interest in the collection and evaluation of coffee germ plasm.

To further international cooperation, scientists have discussed the possibility of setting up germ plasm reserves in key areas, which would allow for in-depth protection of these valuable resources and would facilitate distribution to plant breeders and researchers. As yet, however, the economic and political difficulties of such a program are a substantial barrier. —K.C.J.

What Are the Dividends Of Finland's Soil Bank?

By MARSHALL H. COHEN
*Foreign Regional Analysis Division
Economic Research Service*

After nearly 2 years of existence, Finland's soil bank—begun in Finland in April 1969—is being audited for effectiveness by both Finns and other Europeans. Finland's soil bank is an attempt to halt surplus agricultural production in Finland by coping with its basic cause—too much land in use for crops and pasture.

The Finns decided on the soil bank, technically called the *Act on Limiting the Use of Fields*, as one arm of a fight against surpluses that began to build up in 1968. The two most troublesome items in oversupply have been wheat and butter.

Since the soil bank's inception, various parts of the program have been modified to speed up land retirement. At the same time policies related to the soil bank have been used to attempt to take a bigger bite into the numbers of dairy cows.

Land retirement regulations have been made more liberal in terms of payments, area eligible per farm, and ownership classifications of lands that qualify for soil banking.

Under the original 1969 soil bank program, annual compensation at the rate of \$24.50 per acre, up to a ceiling of \$840 per farm, was paid by the Government to farmers signing non-cultivation contracts. These contracts were offered only for farms of 5 to 35 acres retired from use for 3 years.

Because the results of the 1969 program fell short of expectations, the soil bank was modified in 1970. The upper limit of \$840 was abolished and replaced by a graduated system under which farmers receive \$24.50 per acre for the first 35 acres of field area retired from cultivation, \$19.40 per acre

for the next 17 acres, and \$14.55 per acre for any area in excess of 52 acres. Farmers must agree not to cultivate reserved land and not to keep commercially important types of livestock on it—such as dairy cows.

Another 1970 modification was the extension of soil bank participation to nonindividual landowners, such as corporations, towns, cooperatives, and various associations.

Finally, the Government continues to offer farmers 15-year afforestation contracts worth \$24.50 per acre annually. The Government also subsidizes some of the costs of tree plantings on land set aside for afforestation.

The original incentive payments system for slaughter of dairy cows, which was directly linked to the soil bank program was expanded to include any farmer willing to go out of dairying.

(Information on land bank policies and laws regarding marketing fees may be found in *Foreign Agriculture*, Apr. 6 1970, p.8; and *Foreign Agriculture*, June 22, 1970, p.6.)

It is still too early to determine the overall success of the soil bank program and the dairy cow slaughter policies in reducing surplus agricultural production. At present, only about 5.5 percent of total arable land has been taken out of production; but recent trends in wheat and milk production are somewhat encouraging.

Area sown to spring wheat declined from about 450,000 acres in 1968 to about 335,000 acres in 1969, and production of wheat fell from a record high in 1968 of 515,000 metric tons to 482,000 tons in 1969. Estimates of 1970 production indicate a further drop due to noncultivation contracts (soil banking) and weather. An extremely cold, wet spring in 1970 in Finland delayed planting and crops were further inhibited by near-drought conditions that prevailed in late May as

well as throughout the month of June.

Wheat stocks, however, are still huge and are estimated at 300,000 to 400,000 tons—or normal consumption requirements for 12 to 16 months.

The effect of the soil bank program and cow-slaughter policies on milk production has been disappointing so far. Although initially 13,000 farmers signed soil bank and cow-slaughter subsidy contracts with the Finnish Government, only a few of these farmers owned dairy cattle. Numbers of cows eliminated under the new slaughter-subsidy program have not been determined yet. But even before the new program went into action, milk deliveries to dairies during the first quarter of 1970 declined to 850,000 tons from 880,000 tons of liquid milk for the last quarter of 1969.

Butter stocks remain high and at the end of the first half of 1970 were about 18,000 tons. Finnish authorities, however, are hopeful that channelling more butter fat into the manufacture of cheese and whole milk powder in 1970 may improve prospects for reducing butter production from present milk deliveries.

Finnish reactions to soil bank policies have been mixed. Some farmers and officials have expressed pessimism about the program, and its future is highly uncertain.

The officials are concerned with the program's effect in northern Finland, where between 15 and 20 percent of agricultural area went out of production under soil bank arrangements and population declined somewhat. Finland wants to retain a certain population density in its far northern areas and in such remote places as Lapland.

Two complaints by farmers are that soil bank regulations make less attractive the amalgamation of small farms into bigger units in certain areas and that young farmers have been discouraged from pursuing a farm vocation.

The most probable future for Finland's farm programs, including the soil bank, is that they will undergo further modifications during the 1970's. However, Finnish agricultural policy makers seem determined to achieve a better balance in their country between production and consumption. Using a soil bank program to supplement commodity price policies is a dramatic—and perhaps ultimately effective device—to solve some of Finland's farm surplus problems.



Mushrooms are raised in houses such as these in the lower Rhine and Ruhr valleys of Germany.

Mushroom Consumption Up in West Germany

The West German mushroom industry has grown substantially in the last decade, along with ever-increasing domestic consumption of mushrooms. According to the German Champignon Growers Association, domestic production reached about 18,500 metric tons in 1969, nearly four times the 1963 production. Output will probably continue to increase at the rate of 1,500 to 2,000 metric tons per year, and is expected to reach 20,000 metric tons in 1970.

About 240 firms in West Germany produce mushrooms commercially—mainly for the fresh market. Only two of these firms are presently turning over a considerable part of their fresh mushroom production for canning. All other producers reportedly earmark for canning only those mushrooms which they are unable to sell on the fresh market—mainly during the summer months when fresh mushrooms have to compete with an ample supply of comparatively cheap fresh vegetables.

Despite the substantial increase in domestic production, imports of fresh mushrooms have increased at an even faster rate—from a total of about 200 metric tons imported in 1959 to 3,865 tons in 1969. The Netherlands, which is the largest single supplier, accounted for about 70 percent of total imports in 1969; Denmark, for about 28 percent.

Canned mushroom imports too have shown a remarkable increase, especially since 1959, when the West German Government completely liberalized mushroom import laws. Taiwan, France, and the Netherlands, in that order, are now the major suppliers.

Taiwan benefited most from the 1959 liberalization—by 1963 it had gained a total market share of almost 80 per-

cent, largely through aggressive marketing and low prices. In the early 1960's, Taiwan supplied canned mushrooms at c.i.f. prices almost one-third below those of its competitors. However, these large price differences leveled off in the second half of the decade, and during the period from 1963 to 1969 Taiwan lost over 50 percent of its canned market share in West Germany despite the fact that during this period its shipments actually increased in quantity by almost 20 percent.

Nevertheless, in 1969 Taiwan was still the largest supplier of canned mushrooms to West Germany; it accounted for 37 percent, followed by France with 33 percent, and the Netherlands with almost 26 percent. During the last 3 years, Germany's imports from France have nearly tripled and those from the Netherlands have quadrupled.

The substantial improvement in the market position of these two European Community (EC) member countries is partly a result of the establishment of the Common External Tariff (CET) for mushrooms in 1960 and the continuous reduction since then of duties on intra-Community trade. On July 1, 1968, the intra-Community duty of 6.2 percent was abolished. As a result, Taiwanese canned mushroom prices are now much higher than the more competitive prices of the French and Dutch.

West German per capita consumption of both fresh and canned mushrooms has increased greatly during the last decade, from about 0.3 pounds in 1959 to 2.5 pounds in 1969. This increase was entirely a result of the relatively cheap imports of canned mushrooms from Taiwan which began in 1962 and forced other competitors to

reduce offer prices. As a result, consumer prices declined, and this, together with increased promotion efforts, made it possible to introduce canned mushrooms to the middle and lower income groups in Germany.

Domestic production of mushrooms is concentrated in the lower Rhine and Ruhr valleys. This is because producers, looking mainly toward the fresh market, are located as close as possible to large cities and market areas.

Despite the stiff price competition on the German market for both fresh and canned mushrooms, the German mushroom industry is generally regarded—even though small—as a healthy and fully competitive sector of West Germany's highly specialized vegetable market. The German Government grants no direct producer subsidies to the mushroom industry.

The German industry expects that under present conditions, imports of canned mushrooms from Taiwan will continue to decline. Nevertheless, the industry continues to press for additional protection against third country imports (mainly from Taiwan). The German growers fully expect the establishment of some such type of minimum import price system (MIP) as has been proposed by the EC Commission. They concede that German producers would not increase their output of canned mushrooms significantly as a result of an MIP system; but they hope that a general increase in the price level for canned mushrooms will also allow a certain increase in the price level of fresh mushrooms.

—Based on dispatch from

GEORGE A. PARKS

U.S. Agricultural Attaché, Bonn

Increasing Cookie Production



Raises Wheat Use In Asia

The development of new, consumer-appealing wheat products is one of the major ways of increasing wheat consumption. In Japan, the creation of a new, international award-winning cookie product is just one of the wheat-related innovations in Japanese baking which can be traced back to two seminars on better marketing which was sponsored by Western Wheat Associates for Japanese biscuit and cracker manufacturers in 1965.

The first seminar dealt with the technical side of the business—improvement of equipment and manufacturing techniques, new product development, and quality control. The second session emphasized marketing management.

Both seminars stressed the role of the

consumer as final arbiter of acceptance in the marketplace. Manufacturers were told that they must gear their industry to produce products that the local consumer will accept.

One of the first signs that the lesson was taken to heart was the development of a new coconut butter biscuit by the Nissin-Seika Company. The biscuit met with instant acclaim, winning the prestigious Monto Committee grain-food products gold medal award at Brussels for the past 3 years in a row. But even more important, the new cookie captured the fancy of the Japanese consumer, whose purchases pushed it to the top of biscuit sales charts.

Other companies soon brought out similar products. In a unique chain reaction, visiting bakers from Okinawa, the Republic of Korea, and Taiwan carried the idea home and brought out coconut butter cookies in their countries.

While development of the coconut butter cookies was a spectacular by-product of the Wheat Associates seminars, other more basic results are also apparent. Japanese equipment and baking techniques have shown vast improvement. Overall sales of biscuits and crackers grew almost threefold in a 5-year period and are still growing, thanks to the introduction of products new to the Japanese consumer such as pretzels, wafers, and pies. This market expansion is of prime importance to the U.S. wheat grower who supplies more than half of the total Japanese wheat imports.

The cookie industry in Indonesia, Singapore, Malaysia, and Thailand was the subject of a recent marketing study conducted by Hugh Bright, Wheat Associates' biscuit and cracker consultant.

"The emphasis of cookie producers in these Southeast Asian countries is on quantity production, rather than quality," he said. "But this should soon change. I would not be surprised to see the cookie market in Singapore and Malaysia double within the next 5 years. The potential in Indonesia is fantastic. Their consumption could increase 100 times over the next 3 years. Thailand, in 2 years, should experience a tenfold increase.

"Producers of high quality cookies will require soft wheat from the United States because the flour is more consistent in quality than other soft wheats. The gluten is easier to work with, and this has a direct relation to the eating quality."

Japanese bakers, below, are developing new products such as the cookies above.



CROPS AND MARKETS

Sugar and Tropical Products

Indonesia Opens New Sugar Mill

Indonesia recently opened the Tjot Girek sugar mill in Atjeh—the first such mill outside of Java and reputedly the most modern in Indonesia. The construction of Tjot Girek was financed by Polish credits, and construction lasted over 6 years. Although the mill has been officially declared open, it is not expected to begin operations before 1972. The immediate task facing the plant is opening up of more land for cane cultivation.

The number of sugar mills in Indonesia has dropped from over 100 before World War II to only 56 at the present time, including the new mill at Tjot Girek. Since the war, over 50 mills have dropped out of production because of irreparable damage, and the age of existing mills averages more than 60 years. Although Indonesia has traditionally been a sugar exporting country, imports of some 250,000 metric tons are needed this year to meet domestic demand of almost 1 million tons. The Tjot Girek mill, with a projected annual production of 25,000 to 35,000 tons, will not contribute much to alleviation of the country's sugar shortage, as production from the mill will be barely enough to meet sugar demands in Atjeh and North Sumatra.

U.S. 1971 Sugar Requirements Proposed

The U.S. Department of Agriculture on November 9 announced that it is considering a determination that the amount of sugar needed to meet requirements of consumers for calendar year 1971 is 10.9 million short tons, raw value. It is proposed that quotas for domestic areas and foreign countries be set at that amount. It is also proposed that there be an authorization of charges to the quotas for foreign countries of 800,000 tons of raw sugar during the first quarter of the year plus the quantity of 1971 raw sugar imported this year for refining and storage under bond.

Sugar requirements for calendar 1970 are at present established at the high level of 11.6 million tons, after having been established initially at 10.8 million. Successive increases during the summer months were needed to obtain sufficient raw sugar on a timely basis. Supplies from certain sources were temporarily interrupted by strikes and ocean shipping problems affecting sugar.

Another reason for the high level of requirements in 1970 was that numerous products containing cyclamates were removed from the market and newly formulated dietetic products, usually containing a mixture of saccharin and sugar, were developed and placed on the market. There were also new products containing only sugar as a sweetener. Once

pipelines were filled, however, the distribution of sugar for these purposes became nonrepeating.

All persons were afforded the opportunity to submit written data, views, and arguments prior to November 30, 1970, in regard to the proposed requirements.

Panama Plans Sugar Mill Cooperative

Panamanian sugar interests are moving ahead with their plans to build a new sugar mill. The new plant, a Government-supported cooperative, will be located in the Province of Herrera, which is in the center of the major cane producing area of Panama. It is proposed that the plant will process about 4,000 tons of cane per day and produce 40,000 tons of raw sugar annually. Trade sources indicate that the new mill hopes to be grinding by December 1972.

There are presently two sugar mills in Panama. The building of the third mill would substantially increase Panama's sugar production capacity. Panama now produces about 80,000 metric tons of sugar annually, and exports have been entirely to the United States. In 1970 the U.S. quota amounted to 39,500 short tons, of which 3,817 tons could be refined sugar. Panama's 1970 quota would have been 6,580 tons higher, but production was not sufficient to supply this.

ISO Sets 1971 Sugar Quotas

The International Sugar Organization (ISO) announced on November 18 that export quotas in 1971 will be initially set at 95 percent of basic export tonnages. The Council stated that 1970 quotas would not be increased above their current level of 90 percent even if prices warrant it under the Agreement. The Council therefore suspended Article 48(2)(b) of the Agreement, which gives 100 percent quotas if the prevailing world sugar price exceeds 4 cents per pound. Prior to November 18, the world sugar price had been above 4 cents per pound since October 19.

Permissible quota shipments in 1971 will amount to about 7.85 million metric tons. This includes an export limitation for the USSR of 1.15 million tons. Since shipments of sugar under several special arrangements are excluded from quotas, somewhat less than half of the world trade moves under the Agreement. The quotas set for 1971 should be adequate. In 1970, with quotas set at 90 percent of the basic export tonnage, shortfalls amounting to 853,300 tons were declared but only 445,000 tons of this were reallocated.

U.S. Coffee Prices Reduced

Reversing the trend of the past year, four of the more important coffee roasting firms in the United States announced November 18 a reduction in the wholesale price of ground

coffee of 4 cents a pound, effective immediately. Other companies are expected to follow suit.

The reduction reflects a downturn in the price of green coffee in recent months. The downturn has been particularly noticeable in the type of coffee known as "other milds," widely used for blending.

Factors accounting for the current lower prices in the green coffee market include the sharply increased export quotas approved by the member countries of the International Coffee Agreement for the 1970-71 crop year, commencing October 1, 1970, as well as reported "special deals" involving price discounting by certain major suppliers. Should prices for green coffee continue to decline, reductions in the current export quotas would be effected in accordance with the provisions of the International Coffee Agreement.

Dairy and Poultry

U.K. Announces Additional Butter Quota

The Department of Trade and Industry on November 4, 1970, authorized an increase of 11.2 million pounds of butter for import in the 1970-71 quota year. This increase in butter import authorizations was caused by the delay in shipments of butter from Australia and New Zealand and failure of Denmark to meet its full allocation for the first 6 months of the marketing year. Additional quotas were awarded to countries that could make prompt shipment of butter to the U.K. market, with Ireland's share at 4.5 million pounds, the Netherlands at 1.8 million pounds, Finland at 1.7 million pounds, Poland at 1.6 million pounds, and the remaining 1.6 million pounds divided between five other countries.

Cold storage stocks of butter in the United Kingdom were 41 million pounds on November 6, 1970, down 18 million pounds from the level of the same date last year. Because of the reduced stocks and slow deliveries, the price of New Zealand packet butter on the London Provision Exchange has risen 2 cents a pounds since the first week of October.

Canadian Egg Prices Above Support Level

The national average price to Canadian producers for Grade A large eggs amounted to 38.03 U.S. cents per dozen for the 1969-70 support year ending September 30, 1970. This price was 4.71 cents above the Agricultural Stabilization Board's support or floor price and made this the second consecutive year that no deficiency payments were required. The last deficiency payment—0.4 cents per dozen—was made for the support year 1967-68.

The Canadian support price for eggs in any given year amounts to 80 percent of the base price (the most recent 10-year average). The support program covers Grade A eggs of extra large, large, and medium sizes. To be eligible for deficiency payments a producer must be registered with the Agricultural Stabilization Board and must have sold his eggs through a registered egg grading station or be registered with the Agricultural Stabilization Board as a producer-grader selling directly to a retail outlet.

In recent years the Canadian Government has also made direct purchases of eggs during certain critical supply periods

to help stabilize prices. Once purchased, these eggs are converted to egg powder for use in meeting Canada's commitment to the World Food Program and for other aid purposes.

The support price for the current marketing year has not been announced. There are indications, however, that egg marketings in 1971 will exceed year-earlier levels by about 5 to 10 percent. Egg marketings by producers at registered grading stations during the first 10 months of 1970 totaled 8.6 million cases of 30 dozen each.

Wholesale prices for Grade A large eggs at three of Canada's four major cities—Toronto, Montreal, Vancouver, and Winnipeg—have been below year-earlier levels since mid-March. Montreal is the exception. With the prospect of continued heavy marketings, there appears little likelihood of egg prices increasing in the immediate future. Moreover, no substantial improvement in Canadian egg prices is likely until some reduction is made in the size of the laying flock.

USSR Purchases Dutch Broilers

According to European trade sources the USSR recently concluded an agreement with exporters in the Netherlands to purchase 17,000 metric tons of broilers. Although the export prices at which the sales were made are not available, it is indicated the agreement called for an average price of about 20-21 U.S. cents per pound f.o.b. Dutch plant. Deliveries are reportedly scheduled to begin shortly and to be completed by September 1, 1971.

Trade sources also indicate negotiations are currently underway for additional purchases by the USSR from the Dutch and other EC countries. Moreover, it is reported that several East European countries are also interested in buying broilers in Western Europe. Purchases by the USSR came at an opportune time in light of mounting surpluses of broilers within the EC.

Fats, Oils, and Oilseeds

Canada's Record Oilseed Harvest

Estimates of Canadian oilseed production, released by the Dominion Bureau of Statistics on November 18, indicate record outturns from the 1970 harvest.

Rapeseed production reached 71.3 million bushels, 113 percent above the record 1969 crop of 33.4 million bushels. Acreage seeded to rapeseed, at 3.9 million, increased 96 percent from last year. The average yield of 18.1 bushels per acre was 9 percent above the 1969 average.

The 1970 flaxseed crop, at a record 48.9 million bushels, was 78 percent above last year's outturn of 27.5 million bushels. Acreage sown to this crop increased 44 percent this year and the average yield, at 14.5 bushels per acre, increased 23 percent from the 1969 level.

Soybean production was currently estimated at a record 10.4 million bushels, 36 percent larger than last year's 7.7 million bushels. The average yield per acre was reported as 31 bushels, compared with 23.8 bushels last year.

Sunflowerseed production reached a record 55.4 million pounds, 63 percent above the 1969 crop of 34 million pounds.

Acreage increased to 70,500, up sharply from the 48,000 planted to sunflowerseed in 1969. The indicated yield of 785 pounds per acre was 11 percent higher than last year's average of 708 pounds.

India Promotes Soybean Production

The Government of India has set acreage goals for soybeans as follows: 245,000 acres by 1971-72, 495,000 acres by 1972-73, and about 1 million acres by 1973-74. While these goals seem optimistic, it does appear that soybeans can be grown on a large scale if processing plants are forthcoming and producer prices attractive. India apparently has a good potential for soybeans over a wide area.

With population increasing by some 13 million per year, however, and per capita consumption of fats and oils exceedingly low, the country will continue to need large quantities of vegetable oil imports regardless of what happens in soybean production.

Fruits, Nuts, and Vegetables

South African Pineapple Weathers Drought

Effects of drought conditions in the Eastern Cape Region are indicated less severe than expected. The occurrence of plant and fruit diseases was below normal, and 1970 production for table use is estimated at 135,000 short tons. Production of canned pineapples is smaller than in 1969, but pineapple juice is greater. Packs are reported to total 1.7 million cases and 399,000 cases respectively. Exports of canned pineapple are estimated at 1.5 million cases, 15 percent below the level of 1969. The United Kingdom is the major market for South African processed pineapple products.

SOUTH AFRICAN SUPPLY AND DISTRIBUTION OF CANNED PINEAPPLE

Item	1968	1969	1970 ¹
	<i>1,000 cases</i>	<i>1,000 cases</i>	<i>1,000 cases</i>
Beginning stocks (Nov. 1)	412	173	118
Production	2,073	1,900	1,731
Total supply	2,485	2,073	1,849
Exports	2,092	1,730	1,474
Domestic disappearance	220	225	230
Ending stocks (Oct. 31)	173	118	145
Total distribution	2,485	2,073	1,849

¹ Estimated. ² Case holds 24 cans, size 2½.

Smaller Spanish Table Olive Crop

Despite early indications of a record 1970-71 table olive crop, prolonged drought and sudden temperature changes in early June resulted in a rather light crop. Production in 1970 is currently estimated at 55,000 short tons, 11 percent below last season's revised figure of 62,000 tons. Production of exportable varieties is estimated as follows: Manzanillas and similar, 38,500 tons; Queens, 9,000 tons; and other varieties 5,500 tons.

Although official trade data are not yet available, industry sources place 1969 table olive exports at 49,600 tons, compared with 1968's total of 44,100 tons.

Norway Liberalizes Canned Fruit Imports

The Norwegian Ministry of Agriculture announced that imports of canned pears and plums are liberalized until March 31, 1971, because there has been no Norwegian canning of these products this season. These fruits will be imported against import licenses, which are issued automatically.

Grains, Feeds, Pulses, and Seeds

Weekly Rotterdam Grain Price Report

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 2	Change from previous week	A year ago
	<i>Dol. per bu.</i>	<i>Cents per bu.</i>	<i>Dol. per bu.</i>
Wheat:			
Canadian No. 2 Manitoba	2.08	0	1.93
USSR SKS-14	2.07	0	1.78
Australian Prime Hard	(¹)	(¹)	(¹)
U.S. No. 2 Dark Northern			
Spring:			
14 percent	2.08	0	1.86
15 percent	2.11	0	1.93
U.S. No. 2 Hard Winter:			
13.5 percent	1.99	0	1.76
Argentine	(¹)	(¹)	1.73
U.S. No. 2 Soft Red Winter	1.86	-1	1.57
Feedgrains:			
U.S. No. 3 Yellow corn	1.77	+5	1.46
Argentine Plate corn	1.92	+5	1.84
U.S. No. 2 sorghum	1.63	+2	1.40
Argentine-Granifero	1.65	+5	1.47
Soybeans:			
U.S. No. 2 Yellow	3.36	-2	2.73

¹ Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

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Foreign Agriculture

Sino-Canadian Agricultural Trade Looks Up

Canada's recent diplomatic recognition of Mainland China has aroused some speculation over existing trade relations between these two countries as well as those between Canada and Nationalist China. In recent years Canada has been a major exporter to Mainland China and chiefly an importer in its trade with Taiwan.

Canada imported major quantities of both agricultural and nonagricultural goods from Taiwan in 1968 and 1969 for total values of Can \$34.4 million and \$42.5 million, respectively. The chief item in Taiwan's sales of agricultural goods to Canada was canned mushrooms—worth between \$2 million and \$3 million in both 1968 and 1969. However, Canada's total exports to Taiwan were only \$16.9 million in 1968 and \$12.6 million in 1969. Agricultural sales were mostly wheat and rapeseed. Important nonagricultural items were sulfur and wood pulp.

In contrast to Canada's deficit trade situation with Taiwan, Canada-Mainland China commerce has produced favorable balances in Canada's trade situation. Furthermore, Canada's sizable exports to Mainland China have been nearly all agricultural and have consisted almost entirely of wheat, of which Canada has a large supply. From August 1, 1963, until the recently announced 93-million-bushel sale, Canada's total sales of wheat and flour to Mainland China were a little above 500 million bushels.

In 1968 Canada's sales to Mainland China, mostly wheat, were valued at

\$157.7 million, and in 1969 they totaled \$119.8 million. During the same years Canada's imports from Mainland China were modest and were valued at \$23.4 million and \$27.4 million, respectively. Most were agricultural commodities, of which peanuts and walnuts were two important items. The principal non-agricultural purchases were textiles.

At the moment only guesses can be made about the future of Canadian trade relationships with Taiwan and Mainland China. The Republic of China has already withdrawn its diplomatic representation in Canada. However, Chen Tsung-ti, deputy director of

Taiwan's Board of Trade, has said that Taiwan's trade with Canada is continuing without interruption and is unaffected by the new diplomatic stance.

Canada-Mainland China trade is not likely to change much in the near future, but in the long run Mainland China could develop a broadened demand for Canadian goods. To foster this possible trend, two trade commissioners will be assigned to the Canadian Embassy in Peking when it becomes operational. Also, as its economic position improves, Mainland China may be able to offer an increased volume and variety of commodities to Canada.

Corn Leaf Blight Hits the Canadian Crop

Southern leaf blight, a fungus which affected the U.S. corn crop this summer, has also been found in Canada. According to the Canada Department of Agriculture, a joint Federal-Provincial survey of corn fields in Ontario (where most of Canada's corn is grown), reveals that the disease spread across most of the corn-growing areas in the Province this year. Infection was generally light and only in rare and isolated locations did the disease reduce yields.

Some Canadian farmers fear, however, that the disease could occur again next year. Blight resistant seed is not generally available and corn seed that is susceptible will be widely used. About 75 to 80 percent of the Canadian corn seed available for 1971 spring planting

will be susceptible to the fungus. But by 1972, most corn seed available in Canada will be grown by techniques that will produce blight-resistant seed.

To assist farmers in purchasing seed, hybrid seed corn companies in Ontario have voluntarily agreed to include additional information in labeling. Tags will be imprinted with a designation to show the type of seed being sold. Those with a large "N" will indicate seed that should be resistant to the new race of Southern leaf blight. Tags with a large "T" will indicate susceptible seed and tags with a large "B" will indicate a blend of the two types of seed. The fine print on the "B" tags will indicate the percentage of tolerant seed in the blend.